

BANK INDONESIA REGULATION
NUMBER: 7/52/PBI/2005
CONCERNING
OPERATION OF CARD-BASED PAYMENT INSTRUMENT
ACTIVITIES

THE GOVERNOR OF BANK INDONESIA,

- Considering :
- a. whereas the public's need for the use of a card as a payment instrument in conducting economic activities has developed fairly rapidly;
 - b. whereas in line with the increasing use of cards as payment instruments, the level of the security of technology, whether the security of a card or the security of the system used to process card-based payment instrument transactions, needs to be enhanced to ensure secure and smooth utilization of cards as payment instruments;
 - c. whereas based on considerations as referred to in letter a and letter b, it is perceived necessary to reorganize the legal provisions concerning the operation of card-based payment instrument activities;

- In view of : 1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 31 of 1992, Supplement to the State Gazette of the Republic of Indonesia Number 3472), as amended by Act Number 10 of 1998 (State Gazette of the Republic of Indonesia Number 182 of 1998, Supplement to the State Gazette of the Republic of Indonesia Number 3790);
2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to the State Gazette of the Republic of Indonesia Number 3843) as amended by Act Number 3 of 2004 (State Gazette of the Republic of Indonesia Number 7 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4357);

HAS DECREED :

The Enactment of : THE BANK INDONESIA REGULATION
CONCERNING OPERATION OF CARD-BASED
PAYMENT INSTRUMENT ACTIVITIES..

CHAPTER I ...

CHAPTER I GENERAL PROVISIONS

Article 1

The terminology used in this Bank Indonesia Regulation has the following meanings:

1. “Bank” is a Commercial Bank and Rural Bank as defined in Act Number 7 of 1992 concerning Banking, as amended by Act Number 10 of 1998, also including any branch office of a foreign bank.
2. “Non-Bank Institution” is a legal entity established pursuant to the laws of Indonesia, or a legal entity with its head office domiciled outside Indonesia, conducting activities pertaining to card-based payment instruments in Indonesia
3. “Card-Based Payment Instrument” is a payment instrument in the form of a credit card, an Automated Teller Machine (ATM) card, a debit card, and/or a prepaid card.
4. “Credit Card” is a Card-Based Payment Instrument that may be used to execute payment of an obligation incurred in an economic activity, including purchase transaction and/or cash withdrawal in which the payment obligation of the cardholder is settled in advance by the acquirer or issuer and the cardholder is required to pay the payment obligation at an agreed term in a single payment or in installments.
5. “ATM Card” is a Card-Based Payment Instrument that may be used for cash withdrawal and/or fund transfer in which the obligation of the cardholder is settled in real time by immediate debit of the cardholder’s deposit at a Bank or Non-Bank Institution approved to accept deposit funds.

6. Debit ...

6. “Debit Card” is a Card-Based Payment Instrument that may be used to execute payment of an obligation incurred in an economic activity, including a purchase transaction, in which the obligation of the cardholder is settled in real time by immediate debit of the cardholder’s deposit at a Bank or Non-Bank Institution approved to accept deposit funds.
7. “Prepaid Card” is a Card-Based Payment Instrument that is acquired by paying a certain amount of funds in advance to the issuer, whether directly or through issuer agents, and the value of the funds is installed as the value of the funds in the card, which is presented in Rupiah or converted into other units, such as pulses, and that is used to execute payment transaction by immediate deduction from the value of the funds in the card.
8. “Single-purpose Prepaid Card” is a Prepaid Card that is used to execute payment of an obligation incurred in an economic transaction, for example, a Prepaid Card that may only be used to pay tolls or a Prepaid Card that may only be used to pay public transportation fares.
9. “Multi-purpose Prepaid Card” is a Prepaid Card that is used to execute payment of obligations incurred in various economic transactions, for example a Prepaid Card that may be used to pay tolls, telephone bills, public transportation fares, and to shop.
10. “Cardholder” is the rightful owner of a Card-Based Payment Instrument.
11. “Operator” is a Bank or Non-Bank Institution conducting Card-Based Payment Instrument activities, whether as principal, issuer, and/or acquirer.
12. “Principal” is a Bank or Non-Bank Institution comprising the sole owner of brand rights in Card-Based Payment Instrument activities.

13. Issuer ...

13. “Issuer” is a Bank or Non-Bank Institution issuing Card-Based Payment Instruments for Cardholders using a particular brand with approval from the Principal.
14. “Acquirer” is a Bank or Non-Bank Institution conducting Card-Based Payment Instrument activities and may comprise a financial acquirer and/or technical acquirer.
15. “Financial Acquirer” is an Acquirer that advances payment for transactions conducted by Cardholders.
16. “Technical Acquirer” is an Acquirer providing the necessary means for processing of Card-Based Payment Instrument.
17. “Switching Company” is a company that operates a system used to switch/route Card-Based Payment Instrument transactions from certain Financial Acquirer systems to an Issuer system for authorization purposes, and the company may **conduct calculation of rights and obligations** between the Financial Acquirer and Issuer incurred by Card-Based Payment Instrument transaction processes.

CHAPTER II

APPROVAL FOR OPERATION OF ACTIVITIES

Part One

Principals

Article 2

(1) Principals ...

- (1) Principals in the operation of Card-Based Payment Instrument activities consist of:
 - a. General principal, namely:
 1. Principal whose brand rights are not only used by the Principal concerned, but also by other Issuers pursuant to a written agreement;
or
 2. Principal whose brand rights are used by other Issuers pursuant to a written agreement.
 - b. Special principal, namely a Principal whose brand rights are used only by the Principal concerned and who acts simultaneously as Issuer and/or Acquirer.
- (2) The function of general principal as referred to in paragraph (1) letter a may be exercised only by a Non-Bank Institution.

Article 3

A Bank or Non-Bank Institution intending to act as Principal as referred to in Article 2 is required to notify Bank Indonesia in writing of its planned activities.

Article 4

- (1) Bank Indonesia may enter into cooperation with Principals in order to enhance the security and smooth operation of Card-Based Payment Instrument activities.

(2) A Principal ...

- (2) A Principal shall suspend or revoke a brand use agreement that was awarded to an Issuer if Bank Indonesia orders the Issuer to suspend activities or revokes the agreement under the sanctions stipulated in this Bank Indonesia Regulation.

Part Two

Issuers

Article 5

A Bank or Non-Bank Institution may become an Issuer of all kinds of Card-Based Payment Instrument, whether Credit Card, ATM Card, Debit Card, and/or Prepaid Card.

Article 6

- (1) Non-Bank Institutions eligible to act as Credit Card Issuers are Non-Bank Institutions licensed by the Ministry of Finance of the Republic of Indonesia to conduct Credit Card activities.
- (2) Non-Bank Institutions eligible to act as Issuers of ATM Cards and/or Debit Cards are Non-Bank Institutions authorized to accept deposit funds from the public pursuant to the legal provisions governing those Non-Bank Institutions.

(3) Non-Bank ...

- (3) Non-Bank Institutions eligible to act as Issuers of Prepaid Cards, which require approval from Bank Indonesia as referred to in Article 7 paragraph (4), are Non-Bank Institutions that meet the following requirements:
 - a. legally incorporated in Indonesia as a Limited Liability Company; and
 - b. well-experienced and having a good reputation in the operation of single-purpose single merchant, or multi-purpose single merchant Prepaid Cards in Indonesia for at least 2 (two) years.
- (4) The criteria of Non-Bank Institutions eligible to act as Prepaid Card Issuers as referred to in paragraph (3) will be reevaluated by Bank Indonesia at the latest 2 (two) years after this Bank Indonesia Regulation is issued.

Article 7

- (1) A Bank or Non-Bank Institution intending to act as Issuer is required to obtain approval from Bank Indonesia.
- (2) In the event that a Bank and/or Non-Bank Institution as referred to in paragraph (1) intends to issue several kinds of card simultaneously, whether in one card or as several cards, it is required to submit a written application for approval for each type of card.
- (3) The application for approval for each type of card as referred to in paragraph (2) is also applicable for a Bank and/or Non-Bank Institution that has acted as an Issuer for one type of card and wishes to add another type, whether included within one card or as several cards.
- (4) In the case of Prepaid Cards, an Issuer is required to request approval from Bank Indonesia if the Prepaid Cards to be issued are:
 - a. Single-purpose ...

- a. Single-purpose Prepaid Card that may be used at more than one merchant of goods and/or services (Single-purpose multi merchants);
- b. Multi-purpose Prepaid Card that may be used to conduct payment at more than one merchant of goods and/or services (Multi-purpose multi merchants); and/or
- c. Single-purpose or Multi-purpose Prepaid Card whose Issuer is not a merchant of goods and/or services (non-merchant).

Article 8

- (1) To obtain approval as referred to in Article 7 paragraph (1), the Bank or Non-Bank Institution must submit a written application to Bank Indonesia.
- (2) Application as referred to in paragraph (1) shall be supported by the following documents:
 - a. Bank
 - 1. business plan of the Bank, which incorporated the planned activities of the Bank as an Issuer;
 - 2. business analysis of Card-Based Payment Instrument activities to be conducted for the coming 1 (one) year;
 - 3. evidence of readiness of legal instruments;
 - 4. evidence of readiness for application of risk management; and
 - 5. evidence of operational readiness.
 - b. Non-Bank Institution
 - 1. business plan of the Non-Bank Institution;
 - 2. photocopy of deed of incorporation legally approved by the authorized agency. Photocopy of deed of incorporation must

also ...

also be legalized by authorized agencies/officials;

3. business analysis of Card-Based Payment Instrument activities to be conducted for the coming 1 (one) year;
4. evidence of readiness of legal instruments;
5. evidence of readiness for application of risk management; and
6. evidence of operational readiness..

(3) If the Issuer works in cooperation with a Technical Acquirer and/or a Switching Company, the Issuer must:

- a. possess evidence concerning the operational reliability and security of the Technical Acquirer and/or Switching Company, which, among others, is proved by audit examination conducted by an independent security auditor;
- b. require the Technical Acquirer and/or Switching Company in cooperation with the Issuer to apply reciprocity in the event that the Technical Acquirer and/or Switching Company works in cooperation with another Technical Acquirer and/or Switching Company, which is legally incorporated abroad and domiciled outside the Republic of Indonesia; and
- c. require the Technical Acquirer and/or Switching Company to report its activities to Bank Indonesia.

(4) Issuer can only work in cooperation with a Switching Company, which is legally incorporated in Indonesia, or with a Switching Company, which is legally incorporated abroad, but has an operation base in Indonesia.

Article 9

- (1) In conducting activities pursuant of a Card-Based Payment Instrument, a Bank and/or Non-Bank Institution, which acts as an Issuer and/or Financial Acquirer, can work in cooperation with outside parties as stipulated in Article 8 paragraph (3).
- (2) Further provisions concerning cooperation between a Bank and/or Non-Bank Institution with other parties as referred to in paragraph (1) shall be stipulated in a Circular Letter of Bank Indonesia.

Article 10

Further provisions concerning the procedure of approval or rejection of an application to operate as Issuer, including the time estimated for the delivery of the approval or rejection, and the procedure to report the execution of Card-Based Payment Instrument activities, shall be stipulated in a Circular Letter of Bank Indonesia.

Article 11

- (1) Bank Indonesia reserves the right to:
 - a. delay approval of the execution of Card-Based Payment Instrument activities if in the opinion of Bank Indonesia, the Bank or Non-Bank Institution is unable to act as Issuer for a temporary period; or

b. cancel ...

- b. cancel approval of the execution of Card-Based Payment Instrument activities if in the opinion of Bank Indonesia, the Bank or Non-Bank Institution is unable to act as Issuer.
- (2) Delay or cancellation of approval by Bank Indonesia as referred to in paragraph (1), among others, shall be based on:
 - a. deteriorating financial condition of the Bank;
 - b. recommendation from the supervisory authority of the Non-Bank Institution to delay or cancel approval previously issued to the Non-Bank Institution to operate as Issuer; or
 - c. weak risk management of the Bank or Non-Bank Institution, which is deemed to have caused or have the potential to cause losses to related parties in Card-Based Payment Instrument activities and/or to the national economy.
- (3) If Bank Indonesia delays approval as referred to in paragraph (1) letter a, activities as Issuer may proceed after written notification from Bank Indonesia.

Article 12

- (1) Approval issued by Bank Indonesia to a Bank or Non-Bank Institution as Issuer of Card-Based Payment Instrument activities shall not bind any Principal to approve use of its brand for that Bank or Non-Bank Institution.
- (2) In issuing approval to a Bank or Non-Bank Institution as referred to in paragraph (1), a Principal may stipulate other terms and conditions outside the scope of the terms and conditions stipulated in this Bank Indonesia Regulation.

Part Three
Acquirer
Article 13

Part ...

Non-Bank Institutions eligible to act as Financial Acquirers are Non-Bank Institutions empowered to conduct lending or financing activities pursuant to the legal provisions governing the Non-Bank Institution.

Article 14

- (1) A Bank and/or Non-Bank Institution, which has obtained approval to act as Issuer and will conduct activities as Financial Acquirer and/or Technical Acquirer, is required to notify Bank Indonesia in writing of its planned activities as Financial Acquirer and/or Technical Acquirer.
- (2) The written report as referred to in paragraph (1) shall be supported by the following documents:
 - a. evidence of readiness of legal instruments; and
 - b. evidence of readiness of liquidity management.
- (3) The reporting procedures and mechanism as Financial Acquirer and/or Technical Acquirer as referred to in paragraph (1) shall be stipulated in a Circular Letter of Bank Indonesia.

Article ...

Article 15

- (1) A Bank or Non-Bank Institution intending to act as Financial Acquirer is required to obtain approval from Bank Indonesia.
- (2) To obtain approval as referred to in paragraph (1), the Bank or Non-Bank Institution shall submit a written application to Bank Indonesia.
- (3) Application as referred to in paragraph (2) shall be supported by the following documents:
 - a. Bank
 1. business plan of the Bank, which incorporates the planned activities of the Bank as Financial Acquirer;
 2. business analysis of Card-Based Payment Instrument activities to be conducted for the coming 1 (one) year;
 3. evidence of readiness of legal instruments;
 4. evidence of readiness for application of risk management; and
 5. evidence of operational readiness.
 - b. Non-Bank Institution
 1. business plan of the Non-Bank Institution;
 2. photocopy of deed of incorporation legally approved by the authorized agency. The photocopy of deed of incorporation must also be legalized by authorized agencies/officials;
 3. business analysis of Card-Based Payment Instrument activities to be conducted for the coming 1 (one) year;
 4. evidence of readiness of legal instruments;
 5. evidence of readiness for application of risk management; and

6. evidence of operational readiness.
- (4) If the Financial Acquirer works in cooperation with a Technical Acquirer and/or a Switching Company, the Financial Acquirer must:
 - a. possess evidence concerning the operational reliability and security of the Technical Acquirer and/or Switching Company, which, among other processes, is proved by audit examination conducted by an independent security auditor;
 - b. require the Technical Acquirer and/or Switching Company in cooperation with the Financial Acquirer to apply reciprocity in the event that the Technical Acquirer and/or Switching Company works in cooperation with another Technical Acquirer and/or Switching Company which is legally incorporated abroad and domiciled outside the Republic of Indonesia; and
 - c. require the Technical Acquirer and/or Switching Company to report its activities to Bank Indonesia.
 - (5) A Financial Acquirer can only work in cooperation with a Switching Company, which is legally incorporated in Indonesia, or with a Switching Company, which is legally incorporated abroad, but has an operation base in Indonesia.

Article 16

Further provisions concerning the procedure of approval or rejection of an application to operate as Financial Acquirer, including an estimation of the amount of time needed to deliver the approval or rejection, and the procedure for

Reporting ...

reporting the execution of Card-Based Payment Instrument activities, shall be stipulated in a Circular Letter of Bank Indonesia.

Article 17

(1) Bank Indonesia reserves the right to:

- a. delay approval of the execution of Card-Based Payment Instrument activities if, in the opinion of Bank Indonesia, the Bank or Non-Bank Institution is unable to act as Financial Acquirer for a temporary period; or
- b. cancel approval of the execution of Card-Based Payment Instrument activities if, in the opinion of Bank Indonesia, the Bank or Non-Bank Institution is unable to act as Financial Acquirer.

(2) Delay or cancellation of approval by Bank Indonesia as referred to in paragraph (1), among others, shall be based on:

- a. deteriorating financial condition of the Bank;
- b. recommendation from the supervisory authority of the Non-Bank Institution to delay or cancel approval previously issued to the Non-Bank Institution to operate as Financial Acquirer; or
- c. weak risk management of the Bank or Non-Bank Institution, which is deemed to have caused or have the potential to cause losses to related parties in Card-Based Payment Instrument activities and/or to the national economy.

(3) If ...

- (3) If Bank Indonesia delays approval as referred to in paragraph (1) letter a, activities as Financial Acquirer may proceed after written notification from Bank Indonesia.

CHAPTER III

OPERATION OF ACTIVITIES

Part One

Credit Cards

Article 18

A Credit Card may only be issued by an Issuer pursuant to written application from a prospective Cardholder.

Article 19

- (1) In issuing Credit Cards, Issuers are required to apply risk management in compliance with the Bank Indonesia provisions concerning risk management.
- (2) In addition to meeting the requirements referred to in paragraph (1), Issuers are also required to apply credit risk management covering at least the following:
 - a. establishment of minimum age for prospective Cardholders;
 - b. establishment of minimum income for prospective Cardholders;
 - c. establishment of maximum credit limit for prospective Cardholders;
 - d. establishment ...

- d. establishment of percentage of minimum payment by Cardholders amounting to at least 10% (ten percent) of the total bill; and
 - e. procedure for issuing approval for prospective Cardholders.
- (3) Bank Indonesia may stipulate the minimum age, minimum income, and/or maximum credit limit as referred to paragraph (2) letter a, letter b, and/or letter c and its amendments, as well as amendment to the stipulated percentage of minimum payment as referred to in paragraph (2) letter d in a Circular Letter of Bank Indonesia.

Article 20

- (1) Issuers are required to provide written information to Cardholders concerning at least the following:
- a. procedures and use of the Credit Card;
 - b. important issues that the Cardholder must be aware of in using the card and the consequences/risks that may be incurred from the use of the Credit Card;
 - c. rights and obligations of the Cardholder;
 - d. complaint procedures for issued Credit Cards and estimate of the amount of time required for dealing with these complaints;
 - e. components in calculation of interest;
 - f. components in calculation of penalties; and
 - g. types and amounts of administration charges.
- (2) Issuers are required to state at least the following information on credit card billing statements delivered to Cardholders:
- a. amount of minimum payment to be made by the Cardholder;
 - b. due date of payment;

c. monthly ...

- c. monthly percentage rate of interest and annualized percentage rate for concluded transactions, including interest on purchases of goods or services, cash advances, and other benefits of the Credit card if different levels of interest are charged on these transactions;
 - d. amount of penalty for late payment by the Cardholder; and
 - e. amount of interest charged.
- (3) Information as referred to in paragraph (1) and paragraph (2) shall be conveyed again in writing to the Cardholder upon any change in that information.
- (4) Further provisions concerning the delivery of written information as referred to in paragraph (1) and information in billing statement as referred to in paragraph (2) shall be stipulated in a Circular Letter of Bank Indonesia.

Article 21

- (1) Credit provision that is a facility of the Credit Card must be conducted in compliance with Bank Indonesia provisions concerning the establishment and execution of Bank credit policy for commercial banks.
- (2) Settlement of interest and/or penalties incurred by Credit Card transactions must be conducted in compliance with prevailing accounting standards and in consideration of the principles of fairness and reasonableness.
- (3) If credit provision as referred to in paragraph (1) turns into non-performing loans, the resolution of the non-performing loans, including primary debts, interest and/or penalties, shall be resolved in compliance with Bank

Indonesia provisions concerning the establishment and execution of Bank credit policy for commercial banks.

- (4) The calculation of the ability to collect a debt (collection calculation) must be conducted in compliance with Bank Indonesia provisions concerning Commercial Banks ability to collect on debts.
- (5) Credit Card Issuer may conduct these collection calculations more prudently than stipulated by Bank Indonesia provisions as referred to in paragraph (4) for the respective Credit Card Issuer's internal purposes, however, in reports to Bank Indonesia, the Credit Card Issuer is required to conduct credit collection calculations in pursuant to Bank Indonesia provisions concerning credit provision by a Bank.
- (6) Issuers must ensure that collection of Credit Card transactions, whether conducted by the Issuer or by using the services of other agencies, much be conducted in compliance with provisions stipulated in a Circular Letter of Bank Indonesia.

Article 22

Issuers are prohibited from providing facilities with the impact of additional costs to the Cardholder and/or from providing other facilities outside of the main function of the Credit Card without written consent from the Cardholder.

Article 23

(1) Issuers ...

- (1) Issuers are required to exchange Cardholder information and data with all other Issuers, with scope covering the negative list and positive list and the negative list of merchants of goods and/or services (merchant black list).
- (2) Exchange of information as referred to in paragraph (1) shall take place bilaterally and/or through an information management center.
- (3) If exchange of information takes place through an information management center as referred to in paragraph (2), Bank Indonesia shall stipulate the provisions for implementation of exchange of information and provisions regulating the responsibilities of the information management center.
- (4) Issuers are prohibited from providing Cardholder information and data to parties for any purpose other than the exchange of information as referred to in paragraph (1) without written consent from the Cardholder.

Article 24

- (1) If an Issuer also acts as Financial Acquirer, the Issuer is not only required to apply risk management as referred to in Article 19 paragraph (1) and paragraph (2), but is also required to apply financial risk controls to guard against loss caused by use of forged cards.
- (2) If an Issuer also acts as Technical Acquirer, the Issuer is not only required to apply risk management as referred to in Article 19 paragraph (1) and paragraph (2), but is also required to apply operational risk management covering at least the following:

a. provision ...

- a. provision of backup system in case of breakdown in the hardware and communications network comprising the responsibility of the Acquirer; and
 - b. provision of backup system for transaction data.
- (3) If an issuer works in cooperation with a Financial Acquirer, the Issuer shall ensure that the Financial Acquirer applies financial risk controls to guard against loss caused by use of forged cards as referred to in paragraph (1).
- (4) If an issuer works in cooperation with a Financial Acquirer, the Issuer shall ensure that the Financial Acquirer has applied operational risk management as referred to in paragraph (2).

Part Two

ATM Cards, Debit Cards, and/or Prepaid Cards

Article 25

- (1) In issuing ATM Cards, Debit Cards, and/or Prepaid Cards, the Issuer shall apply risk management in accordance with the Bank Indonesia provisions concerning risk management.
- (2) In addition to complying with the provisions referred to in paragraph (1), the Issuer shall also apply operational risk management covering at least the following:
- a. establishment of maximum limits on transaction value;
 - b. establishment of maximum cash withdrawal limit; and

c. establishment ...

- c. establishment of the maximum limit stored in the card, in the case of Prepaid Cards.
- (3) Bank Indonesia may stipulate maximum limits on transaction value, maximum cash withdrawal limit, and maximum limit stored in Prepaid Cards as referred to in paragraph (2) in a Circular Letter of Bank Indonesia.

Article 26

- (1) Prepaid Cards valid to be used in transactions in Indonesia are Prepaid Cards issued by a Bank as referred to in Article 1 number 1, or Non-Bank Institution as referred to in Article 6 paragraph (3).
- (2) Prepaid Cards used for transactions in Indonesia are required to calculate units in Rupiah.

Article 27

- (1) If an Issuer also acts as Financial Acquirer, the Issuer is not only required to apply risk management as referred to in Article 25 paragraph (1) and paragraph (2), but is also required to apply financial risk controls to guard against loss caused by use of forged cards.
- (2) If an Issuer also acts as Technical Acquirer, the Issuer is not only required to apply risk management as referred to in Article 25 paragraph (1) and

paragraph (2), but is also required to apply operational risk management that at least covers the following:

- a. provision of a backup system in case of a breakdown in the hardware and communications network comprising the responsibility of the Acquirer; and
 - b. provision of a backup system for transaction data.
- (3) If an Issuer works in cooperation with a Financial Acquirer, the Issuer shall ensure that the Financial Acquirer applies financial risk management to guard against loss caused by use of forged cards as referred to in paragraph (1).
- (4) If an Issuer works in cooperation with a Financial Acquirer, the Issuer shall ensure that the Financial Acquirer applies operational risk management as referred to in paragraph (2).

Article 28

Issuers are required to provide information in writing to Cardholders concerning at least the following:

- a. procedures and use for ATM Card, Debit Card, and/or Prepaid Card, facilities included with the ATM Card, Debit Card, and/or Prepaid Card, and risks that may arise from use of the ATM Card, Debit Card, and/or Prepaid Card;
- b. rights and responsibilities of the Cardholder; and
- c. complaints procedures concerning card use as referred to in letter a, and estimated amount of time required for dealing with these complaints.

CHAPTER IV TERMINATION OF ACTIVITIES

Article 29

Bank Indonesia reserves the right to terminate indefinitely the operation of Card-Based Payment Instrument activities in the event of:

- a. an operator of Card-Based Payment Instrument activities fails to comply with this Bank Indonesia Regulation after being sanctioned with temporary suspension as referred to in Article 45, Article 46, Article 47, Article 48, Article 49, Article 50, Article 51, Article 52, Article 53, Article 54, Article 55, Article 57, Article 58, Article 59, or Article 60.
- b. a court verdict that imposes sanctions requiring that an Operator terminate the Card-Based Payment Instrument activities that it conducts; or
- c. written appeal/recommendation to Bank Indonesia from the supervisory authority authorized to stop the business activities of an Operator, or the stoppage of the business activities of the Operator by the respective supervisory authority.

Article 30

- (1) An Operator must notify Bank Indonesia in writing of its intention to terminate activities.
- (2) Notification as referred to in paragraph (1) must be made no less than 1 (one) month prior to the termination of activities by the Operator.

(3) The ...

- (3) The execution of the termination of activities by the Operator must be submitted in writing to Bank Indonesia no later than 3 (three) work days commencing from the date of termination of activities.

CHAPTER V CLEARING AND SETTLEMENT

Article 31

- (1) If operation of Card-Based Payment Instrument activities requires clearing activity for settlement of the financial rights and obligations of each Issuer and/or Financial Acquirer, the clearing activity shall be operated by Bank Indonesia or another party approved by Bank Indonesia.
- (2) Approval for another party as referred to in paragraph (1) shall be issued for operation of clearing within the territory of the Republic of Indonesia.
- (3) An operator of clearing activities as referred to in paragraph (2) shall submit reports in writing to Bank Indonesia on operations relating to the clearing activities that it conducts.
- (4) In the event that clearing activities as referred to in paragraph (1) are conducted outside the territory of the Republic of Indonesia, the clearing operator shall not require approval from Bank Indonesia, but shall submit written reports to Bank Indonesia on the clearing operations that it conducts insofar as the operator has a branch office or representative office in the territory of the Republic of Indonesia.
- (5) The procedure for issuing approval to another party as operator of clearing activities as referred to in paragraph (1) and submission of reports as

referred ...

referred to in paragraph (3) and paragraph (4) shall be stipulated in a Circular Letter of Bank Indonesia.

Article 32

- (1) Settlement of the financial rights and obligations of each Issuer and/or Financial Acquirer as referred to in Article 31 paragraph (1) shall be provided by Bank Indonesia or another party approved by Bank Indonesia.
- (2) Approval for other party as referred to in paragraph (1) shall be issued for operation of settlement of Rupiah currency transactions for cards issued by Issuers within the territory of the Republic of Indonesia.
- (3) An operator of settlement activities as referred to in paragraph (2) shall submit reports in writing to Bank Indonesia on the operation of the settlement activities that it conducts.
- (4) In the event that settlement activities as referred to in paragraph (1) are conducted outside the territory of the Republic of Indonesia, the settlement operator shall not require approval from Bank Indonesia, but shall submit written reports to Bank Indonesia on the settlement operations that it conducts insofar as the operator has a branch office or representative office in the territory of the Republic of Indonesia.
- (5) The procedure for issuing approval to another party as operator of settlement activities as referred to in paragraph (1) and submission of reports as referred to in paragraph (3) and paragraph (4) shall be stipulated in a Circular Letter of Bank Indonesia.

CHAPTER VI SUPERVISION

Article 33

- (1) Bank Indonesia shall conduct on-site examinations and off-site supervision of Operators.
- (2) Supervision as referred to in paragraph (1) shall be conducted on a periodic basis and/or at any time as may be necessary.
- (3) For the purposes of on-site examination as referred to in paragraph (1), Operators are required to provide:
 - a. information and/or data relevant to the operation of Card-Based Payment Instrument activities;
 - b. opportunity for on-site examination of physical facilities and supporting applications relevant to the operation of Card-Based Payment Instrument activities; and/or
 - c. other matters as may be necessary.
- (4) Bank Indonesia may issue orders and/or impose sanctions on the basis of the findings of on-site examinations or off-site supervision as referred to in paragraph (1).

Article 34

Bank Indonesia may assign another party on behalf of and in the name of Bank Indonesia to conduct on-site examinations as referred to in Article 33 paragraph (1).

Article 35

For the purposes of off-site supervision as referred to in Article 28 paragraph (1), Operators are required to submit written reports to Bank Indonesia concerning activities conducted in Card-Based Payment Instruments on a periodic basis and/or at any time as may be necessary..

CHAPTER VII ENHANCEMENT OF THE SECURITY OF TECHNOLOGY IN CARD-BASED PAYMENT INSTRUMENTS

Article 36

- (1) Operators are required to enhance the security of the technology used in Card-Based Payment Instruments, whether the security of the card or the security of the entire system used to process Card-Based Payment Instrument transactions.
- (2) Provisions concerning security of technology as referred to in paragraph (1), including those regulating card printing and personalizing shall be further stipulated in a Circular Letter of Bank Indonesia.

CHAPTER ...

CHAPTER VIII
MISCELANOUS PROVISIONS
Article 37

The operation of Card-Based Payment Instrument activities by Commercial Banks that conduct business activities based on sharia principles (Sharia Commercial Banks) and the operation of Sharia Business Units are subject to this Bank Indonesia Regulation, notwithstanding the upholding of the applicable sharia principles.

Article 38

Rural Banks may operate Card-Based Payment Instrument activities insofar as the regulations governing Rural Banks permit Rural Banks to conduct Card-Based Payment Instrument activities.

Article 39

A Switching Company that may operate in Indonesia is a Switching Company that is legally incorporated in Indonesia or a Switching Company that is legally incorporated abroad but has an operation base in Indonesia.

Article 40

(1) Operators are required to provide systems that are connectable to other Card-Based Payment Instrument systems.

(2) further ...

- (2) Further provisions concerning the requirement to provide systems that are connectable to other Card-Based Payment Instrument systems as referred to in paragraph (1) shall be stipulated in a Circular Letter of Bank Indonesia.

Article 41

The implementation provisions of this Bank Indonesia Regulation shall be stipulated further in a Circular Letter of Bank Indonesia.

CHAPTER IX

SANCTIONS

Article 42

Any Principal failing to suspend or revoke a brand use agreement that was awarded to an Issuer as referred to in Article 4 paragraph (2) within a period of no later than 10 (ten) work days after the date of written notification by Bank Indonesia shall be liable to administrative sanctions in the form of a written warning.

Article 43

- (1) In the event that Technical Acquirer and/or Switching Company fails to possess evidence of operational reliability and security, fails to apply reciprocity, and/or fails to submit reports as referred to in Article 8 paragraph (3), Bank Indonesia may request the Issuer to terminate cooperation with the Technical Acquirer and/or Switching Company.

(2) In ...

- (2) In the event that an Issuer works in cooperation with a Switching Company that is not legally incorporated in Indonesia or with a Switching Company that is legally incorporated abroad but does not have an operation base in Indonesia as referred to in Article 8 paragraph (4), Bank Indonesia may request the Issuer to terminate cooperation with the Switching Company.

Article 44

- (1) In the event that the Technical Acquirer and/or Switching Company fails to possess evidence of operational reliability and security, fails to apply reciprocity, and/or fails to submit reports as referred to in Article 15 paragraph (4), Bank Indonesia may request the Financial Acquirer to terminate cooperation with the Technical Acquirer and/or Switching Company.
- (2) In the event that a Financial Acquirer works in cooperation with a Switching Company that is not legally incorporated in Indonesia or with a Switching Company that is legally incorporated abroad but does not have an operation base in Indonesia as referred to in Article 15 paragraph (5), Bank Indonesia may request the Financial Acquirer to terminate cooperation with the Switching Company.

Article 45

- (1) Any Credit Card Issuer issuing Credit Cards without written application as referred to in Article 18 shall be liable for administrative sanctions in the form of a written warning.

- (2) If within a period of 1 (one) month commencing from the date of the written warning as referred to in paragraph (1), the Credit Card Issuer still fails to comply with the requirement of Article 18, the Credit Card Issuer shall be liable to a second written warning.
- (3) If within a period of 1 (one) month commencing from the date of the second written warning as referred to in paragraph (2), the Credit Card Issuer still fails to comply with the requirement of Article 18, the Credit Card Issuer shall be liable to sanctions comprising the suspension of activities as Credit Card Issuer.

Article 46

- (1) Any Credit Card Issuer failing to apply risk management as referred to in Article 19 paragraph (1) and/or paragraph (2) shall be liable to administrative sanctions in the form of a written warning.
- (2) If within a period of 1 (one) month commencing from the date of the written warning as referred to in paragraph (1), the Credit Card Issuer still fails to comply with the requirement of Article 19 paragraph (1) and/or paragraph (2), the Credit Card Issuer shall be liable to a second written warning.
- (3) If within a period of 1 (one) month commencing from the date of the second written warning as referred to in paragraph (2), the Credit Card Issuer still fails to comply with the requirement of Article 19 paragraph (1) and/or paragraph (2), the Credit Card Issuer shall be liable to sanctions comprising the suspension of activities as Credit Card Issuer.

(4) Sanctions ...

- (4) Sanctions as referred to in paragraph (1), paragraph (2) and paragraph (3) are also applicable for any Credit Card Issuer failing to comply with requirements concerning minimum age, minimum income, maximum credit limit, and or percentage of minimum payment as stipulated in a Circular Letter of Bank Indonesia.

Article 47

- (1) Any Issuer failing to comply with the requirement for provision of information as referred to in Article 20 and/or Article 28 shall be liable to administrative sanctions in the form of a written warning.
- (2) If within a period of 1 (one) month commencing from the date of the written warning as referred to in paragraph (1), the Issuer still fails to comply with the requirement of Article 20 and/or Article 28, the Issuer shall be liable to a second written warning.
- (3) If within a period of 1 (one) month commencing from the date of the second written warning as referred to in paragraph (2), the Issuer still fails to comply with the requirement of Article 20 and/or Article 28, the Issuer shall be liable to sanctions comprising the suspension of activities as Issuer.

Article 48

- (1) Any Credit Card Issuer failing to comply with the provisions concerning provision and/or resolution of credit as referred to in Article 21 shall be liable to administrative sanctions in the form of a written warning.

(2) If ...

- (2) If within a period of 1 (one) month commencing from the date of the written warning as referred to in paragraph (1), the Credit Card Issuer still fails to comply with the requirement of Article 21, the Issuer shall be liable to a second written warning.
- (3) If within a period of 1 (one) month commencing from the date of the second written warning as referred to in paragraph (2), the Credit Card Issuer still fails to comply with the requirement of Article 21, the Issuer shall be liable to sanctions comprising the suspension of activities as Credit Card Issuer.

Article 49

- (1) Any Credit Card Issuer failing to comply with the stipulations concerning the provision of other facilities as referred to in Article 22 shall be liable to administrative sanctions in the form of a written warning.
- (2) If within a period of 1 (one) month commencing from the date of the written warning as referred to in paragraph (1), the Credit Card Issuer still fails to comply with the requirement of Article 22, the Issuer shall be liable to a second written warning.
- (3) If within a period of 1 (one) month commencing from the date of the second written warning as referred to in paragraph (2), the Credit Card Issuer still fails to comply with the requirement of Article 22, the Issuer shall be liable to sanctions comprising the suspension of activities as Credit Card Issuer.

Article 50

(1) Any ...

- (1) Any Credit Card Issuer failing to comply with the requirement for exchange of information as referred to in Article 23 paragraph (1) shall be liable to administrative sanctions in the form of a written warning.
- (2) Any Credit Card Issuer providing Cardholder information and data to parties for any purpose other than that of information exchange as referred to in Article 23 paragraph (4) shall be liable to administrative sanctions in the form of a written warning.
- (3) If within a period of 1 (one) month commencing from the date of the written warning as referred to in paragraph (1) and paragraph (2), the Credit Card Issuer still fails to comply with the requirement of Article 23 paragraph (1) and/or paragraph (4), the Credit Card Issuer shall be liable to a second written warning.
- (4) If within a period of 1 (one) month commencing from the date of the second written warning as referred to in paragraph (3), the Credit Card Issuer still fails to comply with the requirement of Article 23 paragraph (1) and/or paragraph (4), the Credit Card Issuer shall be liable to sanctions comprising the suspension of activities as Credit Card Issuer.

Article 51

- (1) Any Credit Card Issuer failing to comply with the provisions of Article 24 shall be liable to administrative sanctions in the form of a written warning.
- (2) If within a period of 1 (one) month commencing from the date of the written warning as referred to in paragraph (1), the Credit Card Issuer still fails to

comply ...

comply with the requirement of Article 24, the Credit Card Issuer shall be liable to a second written warning.

- (3) If within a period of 1 (one) month commencing from the date of the second written warning as referred to in paragraph (2), the Credit Card Issuer still fails to comply with the requirement of Article 24, the Credit Card Issuer shall be liable to sanctions comprising the suspension of activities as Credit Card Issuer.

Article 52

- (1) Any Issuer of ATM Cards, Debit Cards, and/or Prepaid Cards failing to apply risk management as referred to in Article 25 paragraph (1) and paragraph (2) shall be liable to administrative sanctions in the form of a written warning.
- (2) If within a period of 1 (one) month commencing from the date of the written warning as referred to in paragraph (1), the Issuer of ATM Cards, Debit Cards, and/or Prepaid Cards still fails to comply with the requirement of Article 25 paragraph (1) and paragraph (2), the Issuer shall be liable to a second written warning.
- (3) If within a period of 1 (one) month commencing from the date of the second written warning as referred to in paragraph (2), the Issuer of ATM Cards, Debit Cards, and/or Prepaid Cards still fails to comply with the requirement of Article 25 paragraph (1) and paragraph (2), the Issuer shall be liable to sanctions comprising the suspension of activities as Issuer of ATM Cards, Debit Cards, and/or Prepaid Cards.

Article 53

- (1) Any Issuer of ATM Cards, Debit Cards, and/or Prepaid Cards failing to comply with provisions referred to in Article 27 shall be liable to administrative sanctions in the form of a written warning.
- (2) If within a period of 1 (one) month commencing from the date of the written warning as referred to in paragraph (1), the Issuer of ATM Cards, Debit Cards, and/or Prepaid Cards still fails to comply with the requirement of Article 27, the Issuer shall be liable to a second written warning.
- (3) If within a period of 1 (one) month commencing from the date of the second written warning as referred to in paragraph (2), the Issuer of ATM Cards, Debit Cards, and/or Prepaid Cards still fails to comply with the requirement of Article 27, the Issuer shall be liable to sanctions comprising the suspension of activities as Issuer of ATM Cards, Debit Cards, and/or Prepaid Cards.

Article 54

- (1) Any operator of clearing activities failing to submit reports as referred to in Article 31 paragraph (3) and/or paragraph (4), and any operator of settlement activities failing to submit reports as referred to in Article 32 paragraph (3) and/or (4) shall be liable to administrative sanctions in the form of a written warning.
- (2) If within a period of 1 (one) month commencing from the date of the written warning as referred to in paragraph (1), the operator of clearing activities

still ...

still fails to comply with the requirement of Article 31 paragraph (3) and/or paragraph (4), and/or the operator of settlement activities still fails to comply with the requirement of Article 32 paragraph (3) and/or (4), the operator shall be liable to a second written warning.

- (3) If within a period of 1 (one) month commencing from the date of the written warning as referred to in paragraph (2), the operator of clearing activities still fails to comply with the requirement of Article 31 paragraph (3) and/or paragraph (4), and/or the operator of settlement activities still fails to comply with the requirement of Article 32 paragraph (3) and/or (4), the operator shall be liable to sanctions in the form of suspension of activities.

Article 55

Any Operator failing to provide information, data, and other matters necessary for the purposes of supervision, and/or failing to provide an opportunity to supervisors to conduct supervision as referred to in Article 33 paragraph (3), shall be liable to sanctions in the form of suspension of activities as Operator.

Article 56

Any Operator failing to submit reports as referred to in Article 35 after the deadline for submission of reports shall be liable to administrative sanctions in the form of a written warning and a financial penalty of Rp 100,000 (one hundred thousand Rupiahs) per day of delay per type of report and per period of reportage.

Article ...

Article 57

- (1) Any Operator failing to meet its obligations to enhance the security of technology as referred to in Article 36 paragraph (1) shall be liable to administrative sanctions in the form of a written warning.
- (2) If within a period of 3 (three) month commencing from the date of the written warning as referred to in paragraph (1), the Operator still fails to comply with the requirement of Article 36 paragraph (1), the Bank or Non-Bank Institution shall be liable to a second written warning.
- (3) If within a period of 3 (three) month commencing from the date of the second written warning as referred to in paragraph (2), the Operator still fails to comply with the requirement of Article 36 paragraph (1), the Operator shall be liable to sanctions comprising suspension of activities as Operator of Card-Based Payment Instrument activities.

Article 58

- (1) Any Operator failing to comply with the requirement to provide systems as referred to in Article 40 paragraph (1) shall be liable to administrative sanctions in the form of a written warning.
- (2) If within a period of 3 (three) month commencing from the date of the written warning as referred to in paragraph (1), the Operator still fails to comply with the requirement of Article 40 paragraph (1), the Bank or Non-Bank Institution shall be liable to a second written warning.
- (3) If within a period of 3 (three) month commencing from the date of the second written warning as referred to in paragraph (2), the Operator still

fails ...

fails to comply with the requirement of Article 40 paragraph (1), the Operator shall be liable to sanctions comprising suspension of activities as Operator of Card-Based Payment Instrument activities.

Article 59

- (1) Any Bank or Non-Bank Institution having conducted Card-Based Payment Instrument activities and failing to report its activities to Bank Indonesia as referred to in Article 61 shall be liable to administrative sanctions in the form of a written warning.
- (2) If within a period of 1 (one) month commencing from the date of the written warning as referred to in paragraph (1), the Bank or Non-Bank Institution still fails to comply with the requirement of Article 61, the Bank or Non-Bank Institution shall be liable to sanctions comprising the suspension of the Card-Based Payment Instrument activities that it conducts.

Article 60

- (1) Any Bank or Non-Bank Institution having conducted activities in clearing and/or settlement and failing to report its activities to Bank Indonesia as referred to in Article 63 shall be liable to sanctions in the form of a written warning.
- (2) If within a period of 1 (one) month commencing from the date of the written warning as referred to in paragraph (1), the Bank or Non-Bank Institution still fails to comply with the requirement of Article 61, the Bank or Non-

Bank Institution shall be liable to sanctions comprising suspension of clearing and/or settlement activities.

CHAPTER X TRANSITIONAL PROVISIONS

Article 61

Any Bank or Non-Bank Institution having conducted Card-Based Payment Instrument activities prior to December 28, 2004, is required to report these activities to Bank Indonesia in accordance with the procedures, reporting deadlines, and types of reports as stipulated in a Circular Letter of Bank Indonesia.

Article 62

Any Switching Company having operated in Indonesia prior to the enactment of this Bank Indonesia Regulation that is yet to be legally incorporated in Indonesia or have a branch office in Indonesia, is required to comply with the requirement referred to in Article 39 no later than within a period of 2 (two) years from the enactment of this Bank Indonesia Regulation.

Article 63

Any Bank or Non-Bank Institution having conducted clearing activities and/or settlement of Card-Based Payment Instrument activities prior to the enactment of

this Bank Indonesia Regulation may continue to conduct these activities and is required to report these activities to Bank Indonesia in accordance with the procedures, reporting deadlines, and types of reports as stipulated in a Circular Letter of Bank Indonesia.

CHAPTER XI CONCLUDING PROVISIONS

Article 64

On the date this Bank Indonesia Regulation comes into force, Bank Indonesia Regulation Number 6/30/PBI/2004 concerning Operation of Card-Based Payment Instrument Activities (State Gazette of the Republic of Indonesia Number 166 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4462) shall be revoked and deemed ineffective.

Article 65

This Bank Indonesia Regulation shall come into force on the date of its enactment.

Enacted in Jakarta

Dated December 28, 2005

THE GOVERNOR OF BANK INDONESIA,

BURHANUDDIN ABDULLAH

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 148 OF
2005

DASP

ELUCIDATION
TO
BANK INDONESIA REGULATION
NUMBER: 7/52/PBI/2005
CONCERNING
OPERATION OF CARD-BASED PAYMENT INSTRUMENT
ACTIVITIES

GENERAL REVIEW

Under the implementation of Act Number 23 of 1999 concerning Bank Indonesia as amended by Act Number 3 of 2004, specifically in regard to the tasks of Bank Indonesia in regulating and ensuring the smooth operation of the payment system, the powers of Bank Indonesia include but are not limited to the provision of and issuance of approvals and licenses for operation of payment system services and the power to require operators of payment system services to submit reports of their activities. Approval or licensing from Bank Indonesia for the operation of these payment system services is needed to ensure that the operation of payment system services meets requirements, particularly in regard to security and efficiency. In addition, the need for operators to submit reports on their activities in relation to payment system services is intended to enable Bank Indonesia to supervise the operation of payment system services. In addition, the information obtained from the operation of payment system services is necessary for other tasks incumbent on Bank Indonesia in the areas of monetary control and banking regulation and supervision.

Among the rapidly developing payment system activities is Card-Based Payment Instrument. Over the years, the public's need for the use of a Card-Based Payment Instrument to conduct economic activities has developed fairly

rapidly ...

rapidly. As the use of Card-Based Payment Instruments escalates, the security of technology, whether the security of the card and the security of system to process Card-Based Payment Instrument transactions, needs to be enhanced to enable secure and smooth utilization of cards as payment instruments.

In regard to the technology used in the Card-Based Payment Instrument at present, namely magnetic strips, which are deemed increasingly vulnerable to fraud, it is considered necessary to regulate the obligations of the Operator to enhance security, among other things, by combining the use of magnetic strip technology with that of chip technology. In addition to enhancing security, the use of chip technology is also aimed at preventing the migration of crimes related to Card-Based Payment Instruments from countries that have implemented chips to Indonesia, as well as to simplify the development of Card-Based Payment Instrument services in the future.

In addition to provisions concerning the obligation to enhance technology, the stipulations on Prepaid Cards in this Bank Indonesia Regulation are affirmed by regulating the types of Prepaid Cards that require approval from Bank Indonesia. The requirement for approval from Bank Indonesia on the issuance of Single-purpose Multi-merchant Prepaid Cards, Multi-purpose Multi-merchant Prepaid Cards, and Single-purpose or Multi-purpose Prepaid Cards issued by non-merchants is based on the following:

1. Such cards are of a similar nature to cash carried by the Cardholder. The similarity between the cards and cash is that at the instant the Cardholder uses the card at a specific merchant, the value deducted from the card is credited directly to the merchant, whatever the unit installed in the card is; basically that payment constitute funds, which, in time, will be collected from the Prepaid Card Issuer in the form of money/cash;

2. Such ...

2. Such cards may be categorized as System Wide Important Payment System (SWIPS) as they are used by society at large and involve numerous parties; and
3. The smooth operation and security of the payment system must be ensured as the issuance of such prepaid cards involves numerous parties.

The requirement of an approval by Bank Indonesia referred to is based on considerations concerning the importance of:

1. protection of users;
2. securing the public's trust towards payment instruments, and
3. the execution of Bank Indonesia's duty to monitor circulating money.

Single-Merchant Prepaid Cards issued by the respective merchant shall not require approval from Bank Indonesia as the value installed in the card, because despite carrying a value of money, these cards may only be used for payment in transactions with the respective merchant, and hence, there will be no collection from other merchants.

This Bank Indonesia Regulation also limits the Non-Bank Institutions that may act as Prepaid Card Issuers considering that Prepaid Cards are similar to cash. Prepaid Cards, whatever the unit installed in them, whether rupiah, pulses, or other forms, basically are of the same nature as “cash in the physical form of cards” carried by the Cardholder. The cards are considered to be similar in nature to “cash” as the value of “money” is already installed within the (prepaid) card instead of in a bank account.

The “digital money” incorporated in Prepaid Cards may exist in two forms, namely in the form of “goods” and in the form of “money”. Telephone cards, which shall be used only for calling purposes with the telecommunication services provider that issues the telephone card (single-purpose Single-Merchant)

shall...

shall be categorized as “goods”, whose purchase may be considered similar to the purchase of regular goods (the goods purchased is pulses).

In addition to the aforementioned stipulations, other provisions concerning aspects of prudential management, consumer protection, and supervision of Card-Based Payment Instrument activities are also regulated in this Bank Indonesia Regulation.

ARTICLE BY ARTICLE

Article 1

Self-explanatory

Article 2

Self-explanatory

Article 3

Self-explanatory

Article 4

Self-explanatory

Article 5

Self-explanatory

Article 6

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

The possibility of the Non-Bank Institutions named in this article acting as Prepaid Card Issuers is intended to accommodate the potential of non-financial institutions to issue Prepaid Cards similar to the Prepaid Cards issued by a Bank. For example, a

telecommunication...

telecommunication company may issue a telephone card with pulses that may be used to make telephone calls or to shop.

“Good reputation” in this article relates, for example, to the condition that in the execution of Single-purpose Single-Merchant Prepaid Card or Multi-purpose Single-Merchant Prepaid Card, the Issuer has no record of failed payment and the cards it issues can be used properly.

Paragraph (4)

Self-explanatory

Article 7

Paragraph (1)

The approval from Bank Indonesia is intended to establish equality between Card-Based Payment Instruments issued by Banks and Card-Based Payment Instruments issued by Non-Bank Institutions, and the approval from Bank Indonesia is intended to protect users of Card-Based Payment Instruments, secure the public’s trust for the payment instrument, and to execute Bank Indonesia’s task of monitor money in circulation.

Paragraph (2)

The application for approval to issue several types of cards, whether in one card or as several cards, may be submitted in 1 (one) application.

Paragraph (3)

The term “several types of card in one card” in this article includes, but is not limited to, the function of an ATM card combined with the function of a Debit Card.

“To add a type of card within one already issued” in this article includes, but is not limited to, the Issuer, which has previously

issued ATM cards, with the functions of Debit Card existing within the Credit Card.

Paragraph (4)

The issuance of Multi-purpose Multi-merchant Prepaid Cards, Single-purpose Multi-merchant Prepaid Cards, and Multi-purpose or Single-purpose Prepaid Cards where the Prepaid Card Issuer is not a merchant of goods and/or services requires an approval from Bank Indonesia due to the following:

1. Such cards are of a similar nature to funds carried by the Cardholder. The similarity between the cards and funds is that at the instant the Cardholder uses the card with a specific merchant, the value deducted from the card is credited to the merchant, whatever the unit installed in the card is; basically the funds will be collected, in time, from the Prepaid Card Issuer in the form of money;
2. Such cards may be categorized as System Wide Important Payment System (SWIPS) as they are used by society at large and involve numerous parties; and
3. The smooth operation and security of payment systems must be ensured as the issuance of such prepaid cards involves numerous parties.

The requirement of approval by Bank Indonesia is based on considerations concerning the importance of:

1. protection of users;
 2. securing the public's trust for payment instruments,
- and

3. the execution of Bank Indonesia's duty to monitor circulating money.

A Prepaid Card that may be used to pay for tickets for various means of public transportation, such as trains, buses, ferries, monorails, Busway buses etc., which are operated by more than one company, is an example of a Single-purpose Multi-merchant Prepaid Card.

A Prepaid Card that may be used to pay toll fees, routine expenses, and payment of fares for various means of public transportation operated by more than one management company, such as trains, buses, ferries, monorails, Busway buses, etc., is an example of a Multi-purpose Multi-merchant Prepaid Card.

Examples of Multi-purpose and Single-purpose Prepaid Cards, whose Issuer is not a merchant of goods and/or services (non-merchant) include:

1. A communications company issuing communications Prepaid Cards that may be used to pay tolls along various toll road segments operated by one or several toll way operators (Single-purpose Single-Merchant or Single-purpose Multi-merchant, and Issuer is a non-merchant).

2. Bank issues Prepaid Cards that may be used to purchase goods and/or services at one or several merchants (Multi-purpose Single-Merchant or Multi-purpose Multi-merchant, and Issuer is a non-merchant).

In ...

In the event of a Bank providing services for its customers in which payment for the services is executed by using a Card-Based Payment Instrument, then the Bank referred to acts as a merchant.

Single-Merchant Prepaid Cards issued by the respective merchant shall not require approval from Bank Indonesia as the value installed in the card, despite being a value of money, may only be used for payment with the respective merchant, and hence, there shall be no collection from other merchants.

Examples:

1. Multi-purpose Prepaid Cards that may be used only at one merchant of goods and/or services (Multi-purpose Single-Merchant); namely a Prepaid Card issued by a toll way operator that may be used to pay for toll tickets and other purchase transactions in the outlets owned by the same company.
2. Single-purpose Prepaid Card that may be used for purposes of payment of goods and/or services at one merchant of goods and/or services (Single-purpose Single-Merchant), namely a Prepaid Card issued by a toll way operator for purposes of payment of toll fees in various road segments operated only by the respective company.

Article 8

Paragraph (1)

Self-explanatory

Paragraph (2)

Letter ...

Letter a

Number 1

Self-explanatory

Number 2

Self-explanatory

Number 3

The term “readiness of legal instruments” in this article includes, but is not limited to, the agreement between the Issuer and the Principal, the regulation of the rights and obligations of the parties, both in general or in specific cases, such as the regulation of the rights and obligations of the Issuer, Principal, Acquirer, and Cardholders, and the procedure for resolution of disputes arising among the parties.

Number 4

The term “management of risk” in this article includes, but is not limited to, management of liquidity risk, management of credit risk, and management of operational risk.

Number 5

Evidence of operational readiness in this article includes but is not limited to:

1. planned organizational structure and preparation of human resources;
2. planned equipment and business facilities.

Letter b

Number 1

Self-explanatory...

Self-explanatory

Number 2

Agencies/officials authorized to provide legalized deed of incorporation; for example a notary.

Number 3

Self-explanatory

Number 4

Readiness of legal instruments in this article includes, but is not limited to, the agreement between the Issuer and the Principal, regulation of the rights and obligations of the parties, both in general or in specific cases, such as the regulation of the rights and obligations of the Issuer, Principal, Acquirer, and Cardholders, and the procedure for resolution of disputes arising among the parties.

Number 5

The term “management of risk” in this article includes, but is not limited to, the management of liquidity risk, management of credit risk, and management of operational risk

Number 6

Evidence of operational readiness in this article includes, but is not limited to:

1. planned organizational structure and preparation of human resources; and
2. planned equipment and business facilities

Paragraph (3)

Letter a

Self-explanatory

Letter ...

Letter b

The application of reciprocity is required to ensure equality, in situations in which the Indonesian Card-Based Payment Instrument products may be used abroad in a manner similar to which foreign Card-Based Payment Instruments may be used in Indonesia. For example, for Banks grouped in a domestic ATM network (domestic Switching Company Network), and the domestic ATM network is interlinked with foreign ATM networks, the ATM cards issued by Banks in the domestic ATM network, as well as those issued by Banks grouped in the foreign ATM networks must both be operational in the ATM network in Indonesia and the ATM networks abroad.

Letter c

Self-explanatory

Paragraph (4)

The term “has/having an operation base in Indonesia” in this article includes, but is not limited to, having a branch office in Indonesia.

Article 9

Paragraph (1)

The term “other parties” in this article includes, but is not limited to, Credit Card debt collectors, which work in cooperation with the Credit Card Issuers.

Paragraph (2)

Self-explanatory

Article 10

Self-explanatory

Article 11

Self-explanatory ...

Self-explanatory

Article 12

Self-explanatory

Article 13

Self-explanatory

Article 14

Paragraph (1)

In the event of a Bank and/or Non-Bank Institution, which has acted as Issuer and has its own ATM network and will work in cooperation with Switching Company or other Issuer operating a joint ATM network, the Issuer automatically functions as Financial Acquirer for the customers of Bank and/or Non-Bank Institutions grouped in the joint ATM network.

The Bank and/or Non-Bank Institution functions as Financial Acquirer when the Bank or Non-Bank Institution advances payment for customers of other Bank or Non-Bank Institutions, even if the Bank or Non-Bank Institution does not provide its own ATM network.

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Article 15

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

Letter a

Number 1

Self-explanatory

Number 2

Self-explanatory

Number 3

The term “readiness of legal instruments” in this article includes, but is not limited to, the agreement between the Financial Acquirer and the Issuer and/or merchant of goods and/or services; the regulation of the rights and obligations of the parties, both in general or in specific cases, such as the regulation of the rights and obligations of the Financial Acquirer and Issuer, and the procedure for resolution of disputes arising among the parties.

Number 4

The term “management of risk” in this article includes, but is not limited to, management of liquidity risk, management of credit risk, and management of operational risk.

Number 5

Evidence of operational readiness in this article includes, but is not limited to:

1. planned organizational structure and preparation of human resources; and
2. planned equipment and business facilities

Letter b

Number 1

Self-explanatory

Number 2

Agencies/officials authorized to provide legalized deeds of incorporation are: for example, a notary.

Number 3

Self-explanatory

Number 4

The term “readiness of legal instruments” in this article includes, but is not limited to, the agreement between the Financial Acquirer and the Issuer and/or merchant of goods and/or services; the regulation of the rights and obligations of the parties, both in general or in specific cases, such as the regulation of the rights and obligations of the Financial Acquirer and Issuer, and the procedure for resolution of disputes arising among the parties.

Number 5

Management risk in this article includes, but is not limited to, management of liquidity risk, management of credit risk, and management of operational risk.

Number 6

Evidence of operational readiness in this article includes, but is not limited to:

1. planned organizational structure and preparation of human resources; and
2. planned equipment and business facilities

Paragraph (4)

Self-explanatory

Paragraph ...

Paragraph (5)

The term “has/having an operation base in Indonesia” in this article includes, but is not limited to, having a branch office in Indonesia.

Article 16

Self-explanatory

Article 17

Self-explanatory

Article 18

Solicitation of prospective Cardholders for the purpose of offering Credit Card products may be conducted; nevertheless, new Credit Card issuance shall be executed only after a written application signed by the prospective Cardholder.

Article 19

Paragraph (1)

The Bank Indonesia provisions regulating risk management include, but are not limited to, the Bank Indonesia Regulation concerning Application of Risk Management and all regulations for its implementation.

Paragraph (2)

Matters relating to management of credit risk in this article shall be set forth in written documented form.

Paragraph (3)

Self-explanatory

Article 20

Self-explanatory

Article 21

Paragraph (1)

The ...

The requirement to be subjected to provisions concerning the establishment and execution of Bank credit policy for commercial banks is applicable to both Bank and Non-Bank Institutions issuing Credit Cards.

Paragraph (2)

The phrase “in consideration of the principles of fairness and reasonableness” in this article includes, but is not limited to, the Issuer:

- a. not applying the value of pending transactions as a component in the calculation of interest;
- b. calculating interest from the unpaid balance and not from transaction value; and
- c. not applying interest on early payments.

Paragraph (3)

The requirement to be subjected to provisions concerning the establishment and execution of Bank credit policy for commercial banks in resolving non-performing loans is applicable to both Bank and Non-Bank Institutions issuing Credit Cards.

Paragraph (4)

The requirement to be subjected to provisions concerning the lending by Banks in calculating collection is applicable to both Bank and Non-Bank Institutions issuing Credit Cards.

Paragraph (5)

Self-explanatory

Paragraph (6)

Self-explanatory

Article 22

The term “facilities with the impact of additional costs” in this article includes, but is not limited to, insurance schemes and the issuance of supplementary Credit Cards.

The term “other facilities outside of the main function of the Credit Card” in this article includes, but is not limited to, treating Credit Card overpayment as regular savings that may be used for transactions outside of Credit Card transaction; namely inter-Bank fund transfers.

The term “written consent” in this article includes oral agreements put forth in the official records of the authorized Bank official.

Article 23

Paragraph (1)

Self-explanatory

Paragraph (2)

The term “information management center” in this paragraph includes, but is not limited to, the information management center operated by Bank Indonesia and/or the credit bureau.

Paragraph (3)

Self-explanatory

Paragraph (4)

The term “prohibition on providing Cardholder information and data” in this Paragraph includes, for example, the Issuer providing Cardholder information and data to other parties; namely merchants of goods and/or services and insurance companies.

Article 24

Self-explanatory

Article ...

Article 25

Self-explanatory

Article 26

Self-explanatory

Article 27

Self-explanatory

Article 28

Self-explanatory

Article 29

The term “to terminate indefinitely” in this article is defined as the revoking of approval as Issuer and/or Financial Acquirer by Bank Indonesia.

A written recommendation from the supervisory authority authorized to stop the business activities of the Operator with Bank Indonesia may be based on considerations including, but not limited to, violations of provisions issued by the authorized authority.

Article 30

Self-explanatory

Article 31

Paragraph (1)

The term “another party” in this Paragraph includes, but is not limited to Banks and Switching Companies.

Paragraph ...

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Paragraph (4)

Self-explanatory

Paragraph (5)

Self-explanatory

Article 32

Self-explanatory.

Article 33

Self-explanatory

Article 34

Self-explanatory

Article 35

Self-explanatory

Article 36

Self-explanatory

Article 37

The term “Sharia principles” in this article is defined as the sharia principles as stipulated in the Laws of the Republic of Indonesia concerning banking and all provisions for their implementation, including, but not limited to, the National Sharia Council concerning sharia cards.

Article 38

Self-explanatory

Article 39

The term “has/having an operation base in Indonesia” in this article includes, but is not limited to, having a branch office in Indonesia.

Article ...

Article 40

Paragraph (1)

The requirement to provide systems that are connectable to other Card-Based Payment Instrument systems is intended, among other things, to enhance efficiency in Card-Based Payment Instrument activities.

Paragraph (2)

Article 41

Provisions stipulated in a Circular Letter of Bank Indonesia include, but are not limited to, provisions concerning:

- a. procedures for operation of Card-Based Payment Instrument activities by Banks or Non-Bank Institutions;
- b. procedures for on-site examination and off-site supervision;
- c. reporting procedures and types of reports;
- d. reporting deadlines; and
- e. procedures and categories of information that may be exchanged within the framework of information exchange.

Article 42

Self-explanatory

Article 43

Self-explanatory

Article 44

Self-explanatory

Article 45

Self-explanatory

Article 46

Self-explanatory ...

Self-explanatory
Article 47
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Article 48
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Article 49
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Article 60

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Article 61

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Article 62

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Article 63

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Article 64

Self-explanatory

Article 65

Self-explanatory

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INDONESIA NUMBER 4583